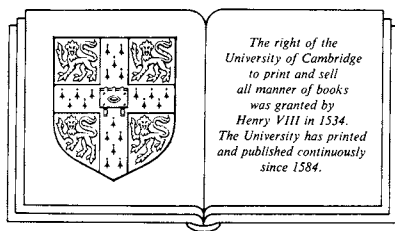


# COLLECTIVE FARMS WHICH WORK?

NIGEL SWAIN



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# Introduction

In recent years it has become part of the received wisdom of students of Eastern Europe that Hungarian agriculture has been a 'success'. The question mark of the title does not seek to question this view as it is normally understood. Hungarian agricultural policy has been a 'success' in economic terms. While it is accepted that Hungarian agricultural production itself is not especially efficient, overall agricultural policy has led to a situation in which the Hungarian population is well fed; there is extensive consumer choice in agricultural products; and, most important, scarce foreign currency is not squandered importing grain and animal feed which can be home-grown. And collectivisation has been a 'success' in terms of social policy. This agricultural self-sufficiency was achieved without the need to resort to mass starvation or deportation and, although living standards generally are stagnating in the early 1980s, the rural population really has 'never had it so good'. One central concern of this book is to consider aspects of how this 'success' was achieved, to analyse the Hungarian experience suggesting ways in which collectivisation can be made to work and so rescue it as a serious option for nations developing under the banner of socialism. To countries faced with rural underdevelopment, underemployment and poverty, collectivisation can seem an attractive ideal: the Hungarian experience shows that there is no historical imperative to follow Soviet precedent. Collectivisation has suffered too long under the shadow of the Soviet experience. Collective farms can work, and the Hungarian experience shows one way how.

A second aim of the book is to consider some sociological concomitants of this 'success', and this is where the question mark of the title must be introduced. Although Hungarian producer co-operative

(collective) farms function as successful production units, questions can be raised about the manner in which they operate and the production relations which obtain within them. Collectivisation has created large-scale socialist enterprises out of peasant agriculture, but were those of all social backgrounds treated equally in the process, and are these socialist enterprises democratically run? Answers to these questions can give us further insights into the political economy of 'actually existing socialism'.

My approach to both questions requires some clarification. Collectivisation is a process of radical, large-scale, socio-economic transformation. The words are chosen carefully. It is difficult to find an analytical approach which is both simple and yet provides sufficient purchase to encapsulate in a single study such a multi-faceted development. The standard approach of Western sociologists to Eastern Europe, that of reprocessing the findings of social stratification and social mobility surveys carried out in these countries, has intrinsic limitations. First, it ignores changes in production relations and the restructuring of the economic context for workplace social relations, areas of considerable importance for the social actors involved. Second, social mobility surveys in particular are of little use in analysing radical social change of this nature because the social and occupational structure itself is changed so fundamentally that almost everyone is socially mobile. Third, this problem is compounded by the social categorisation used in Eastern European social stratification studies. All those involved in agriculture in both the old world of peasant agriculture and the new collective farm tend to be termed 'peasant'. The radical transformation that in reality has taken place is defined away. Those 'peasants' who have not become industrial workers remain 'peasants' on collective farms: but their lives have been totally changed.

The approach adopted here has been to consider the transformations engendered by collectivisation from the point of view of 'labour', a category which spans both the economic and the sociological spheres. We shall examine what has happened to labour as an economic category under collectivisation as well as the changes in the social composition of agricultural labourers and relations between them. More specifically, we shall analyse the consequences for what will be termed 'family labour' and 'socialist wage labour' of socialist economic relations, that is, relations in which, whatever else might be true, individuals' 'labour power' – their ability to labour – is itself no

longer a commodity. This will permit us to examine the development of co-operative farms as both distinctly socialist production enterprises and as enterprises into which the 'petty commodity production' of individual farm members is linked.

Collectivisation in Hungary was preceded by a land reform in 1945–6 which, based around the more or less spontaneous demands of the 'land claimants' committees', created predominantly small peasant agriculture in Hungary for the first time. Previously there had been a roughly fifty-fifty split between large hacienda-type estates and an independent peasantry. A first attempt at collectivisation began in 1949 and lasted until 1953. It adopted the traditional techniques of 'stalinist' collectivisation – physical force to collectivise combined with crippling compulsory deliveries once collectivised – and formed part of a traditionally over-ambitious five year plan. It ended in the disbanding of many farms as Hungary shared in the general Eastern European political crisis occasioned by Stalin's death. Imre Nagy's 'New Course' which followed this defeat for the hard-liners promised a much more gradual transformation of agrarian relations but, by the summer of 1955, with Rákosi back in control and Nagy forced to resign, the pace and tactics of collectivisation reverted to the stalinist norm; with the same result. By the next summer, in the wake of publication of Khrushchev's secret speech and Rákosi's resignation, collective farms began to disband once again, a prelude for the revolution in October.

The spirit of reconciliation which ultimately characterised the entire Kádár regime made an early appearance in agrarian policy. The government never rescinded the abolition of compulsory deliveries passed by the Nagy government and almost immediately passed a decree sanctioning the further disbanding of farms. The following July, the new government published its 'Agrarian Theses', setting out its proposed agrarian strategy. These were non-committal on when further collectivisation should take place; adopted a more accommodating attitude towards 'kulaks' and other non-co-operative peasants; and stressed the need to transform existing co-operatives into models of mechanised farming as a precondition for mass collectivisation. However, after renewed pressure from its allies, Hungary's final, and successful, attempt at collectivisation took place sooner than the Theses implied, in the winter periods of 1959, 1959–60 and 1960–1. This time it was achieved with the minimum of

actual physical force, especially after 1960 when Kádár replaced Dögei by Losonczy as Minister of Agriculture, and on 17 February 1961 the Central Committee of the Hungarian Socialist Workers' Party declared that collectivisation had been completed. Subsequently, the history of Hungary's collectivisation is the story of changes in policy towards an established, and ultimately well-established, collectivised agriculture, and an analysis of these forms the substance of the first two chapters of this book.

The book ends its detailed analysis in 1977, and there are good reasons for regarding this date as the end of an epoch in the development of collectivised agriculture. First, by 1977 the fundamental change of introducing 100% wages (fully fledged 'socialist wage labour') into co-operative farms had been accomplished. Subsequent developments only confirm this. The same government regulations now apply to both state and co-operative farms, indicating a *de facto* recognition of the unimportance of nominal ownership forms for economic regulation. Second, after vacillation in 1975-6, the framework for support of small-scale private production by farm members has been accepted irrevocably. No significant changes in the pattern of aid have taken place subsequently, although in the early 1980s state farms have involved themselves in the integration of small-scale agriculture to an unprecedented extent. The only developments of any consequence in this area have been attempts to harvest the capital reserves created by 'family labour' by promoting the sale of co-operative farm shares and bonds. Third, social movement as measured by rates of social mobility has died down after the rapid transformations of the 1950s and 1960s (Andorka, 1982). Both socially and organisationally, then, by the late 1970s collective farms had reached relative stasis.

But before we can proceed with an analysis of collectivisation in the key twenty years between 1957 and 1977 we must first clarify the terms 'family labour' and 'socialist wage labour' and examine how both have been affected by thirty years of 'actually existing socialism' in the Hungarian economy. The remaining sections of this introduction address the analytical questions that provide the framework for the rest of the study.

'Family labour' is taken to mean labour performed according to the laws which govern the 'family economy'. The focus will be on the rationality that underpins the use of labour within the family, a joint

production–consumption unit, rather than on any specific type of family-based enterprise. The defining characteristic of such ‘family labour’, as Chayanov argues (1966), is that, because it operates within a more or less closed universe where the producers also constitute the consumption unit, no separately identifiable concept of wage costs need evolve. Time might always be money, but when time spent labouring is one’s own, or one’s family’s, it need not necessarily lead directly to expenditure. Individuals who labour within a ‘family economy’ do not enter a category of wage-costs into their calculations in the way that profit maximising, labour-hiring enterprises must; and this has a direct effect on their economic behaviour. Since there is no category of wage-costs within the family unit, neither can there be such categories as net profit, rent and interest on capital (Chayanov, 1966, pp. 5–6, 88–9, 228–33). Profit maximisation is replaced by a concern with balancing the utility of output, irrespective of any notional labour costs, and the disutility of having to labour at all.

It might seem unwise to accept without comment Chayanov’s views in light of the extended debate which his work has provoked. Fortunately a thorough critique of the pro and anti Chayanov cases is unnecessary for our concerns. This book focuses on a type of labour rather than the internal coherence or explanatory ability of Chayanov’s theory of ‘peasant economy’, and all observers of the economic rationale of family-based economic units agree that labour costs are treated very differently in the family unit (Chayanov, 1966; Galeski, 1975; Harrison, 1975; Marx, 1971, pp. 804–7; Shanin, 1973; Tepicht, 1973). It should be noted that this definition does not preclude the hiring of some occasional day labour. The logic of a ‘family economy’ can cope with seasonal labour as an occasional cost without having to generate a specific concept of wages. Marxists have traditionally seen the hiring of non-family labour as indicative of capitalist relations within a rural community, but this would seem to be misguided. There can certainly be exploitation of a kind in employer–employee relations within the ‘family economy’, but it is not the exploitation of capitalist production relations. Day labourers may or may not be fairly treated by their employers, but neither are they paid wages as such and, in many cases, they have a small plot to counterbalance their potential status as ‘wage slaves’. It is only confusing to term ‘capitalist’ a relationship which, however unjust and exploitative, is something rather different.

Two further terminological points should be made in this regard.



First, 'family labour' and 'family economy' are used in preference to 'domestic labour' and 'domestic economy', but for reasons of connotation only. The latter terms are linked too directly with housework and the debates which surround it, debates which have surprisingly ignored the theoretical relevance of Chayanov's work (Coulson *et al.*, 1975; Gardiner, 1975; Molyneux, 1979; Seccombe, 1974; Wajcman, 1981). The focus in this book is on market-oriented work performed within the household rather than its internal services and it is useful to have a distinct term to describe it. Second, the book concerns itself with petty commodity production within the 'family economy' as a process and not on the petty bourgeoisie as a class. It does not search for a new breed of 'kulak', but rather it focuses on how individual labourers following the logic of the socialist and family economies behave.

The term 'socialist wage labour' presents fewer problems. It is understood simply as the sort of labour which is performed for a wage in a socialist economy, with the implicit assumption that there is something fundamentally socialist about Eastern European economies. This doctrinal point cannot be debated fully in this introduction. The assumption rests on the fact that all Eastern European governments have implemented policies which consistently figure at the top of the list of economic demands of any radical socialist party. Major manufacturing industry, banks and insurance are all nationally owned, with co-operative ownership of smaller units in these sectors: there is permanent full employment; and institutional structures have been established for both strategic national economic planning and worker representation in enterprise decision-making. Whether social and political dimensions of these societies are socialist, or whether social, economic and political dimensions can be separated meaningfully in this way are separate issues which, again, cannot be resolved here. There seem to be no *prima facie* reasons why the spheres cannot be treated as distinct; and if this is accepted, there are good nominalist reasons for terming the economic sector 'socialist'.

'Socialist wage labour' differs from 'wage labour' in the capitalist sense in that the ability to perform it is not a commodity in the marxist sense. 'Labour power' has to be purchased since all able members of society are expected to work; and it cannot be relinquished simply because of inadequate demand or low profitability. If planners require an enterprise to shed labour or close down, alternative

employment must be found, although this is very often not employment of a similar quality, nor at a convenient location (Berkovits, 1972). Enterprise employees can only be sacked on the grounds of misconduct. The consequence of this *a priori* exclusion of unemployment from economic life is necessarily an increase in 'irrational' employment practices and 'underemployment'. It could not have been otherwise. But this in itself places labour among a sufficiently distinct set of economic parameters to qualify for the appellation 'socialist wage labour' rather than simply 'wage labour'. There is an additional point. The essence of 'socialist wage labour' is not only that it is in receipt of a wage in an economic system which has ruled out the possibility of unemployment and consequently operates according to a different economic logic from capitalist, free market economies. The cost of 'socialist wage labour' must still be entered into enterprise budget calculations. Even if the rationale which underpins a socialist economy does not require labour to be treated as a cost which must be minimised in the pursuit of profit maximisation, it remains a factor which is susceptible to manipulation as to price paid and amount purchased by any group within enterprises which might control such decisions. The essence of 'socialist wage labour' is that it is susceptible to such manipulation should a group with the power to manipulate it exist. The empirical question of whether such groups do exist will be tackled below.

What have been the effects of thirty and more years of 'actually existing socialism' on these two labour types? The effects on 'family labour' have been threefold. First, within the elaboration of an overall economic strategy for socialism, the adoption of certain understandable priorities in industrialisation – investment rather than consumption, heavy industry rather than light – has left space for a private sector to develop. Significant economic development in the sectors which did not figure high on the list of socialist priorities has not taken place. Prioritisation of investment and heavy industry has left Hungary and other Eastern European countries 'underurbanised' in that the percentage of the population dwelling in an urban setting is smaller than would be predicted by statistical extrapolations from its level of industrial development (M. Hegedűs, 1974; Konrád and Szelényi, 1974). Large numbers of Hungarian workers live in villages and commute to work, often over very large distances (Andorka, 1979; Andorka and Harcsa, 1973). In fact, as many workers lived in

villages in 1970 as lived in towns, more predominantly unskilled and semi-skilled workers (Andorka, 1979, pp. 78 and 83); and the villages, even those surrounding Budapest, remain villages in terms of their infrastructural development rather than garden cities of the Western Home Counties variety (Berkovits, 1976; Fodor, 1973). While the contribution of the private sector nationally is minimal (1.6% of national income and 1.8% of active earners in 1970), in areas such as services and construction, precisely the areas which were given a low priority in national planning, its contribution is considerable: 48.6% of services, 56.2% of construction generally, and 92% of village construction in 1970 (MKA, 1971, p. 1). Yet this private economic activity has been confined to the family. It has been limited financially by taxation on wages paid, in addition to the general income tax applicable to the sector, and administratively in the form of ceilings, which have changed over the years, placed on the number of workers that can be employed by private entrepreneurs. The private sector which the adoption of socialist priorities in industrialisation allowed to develop is thus predominantly one of petty commodity production making use of 'family labour'.

Second, significant incentives have arisen for individuals to participate in the petty commodity production private sector. These have come from two quarters and again, in both cases, they have been the consequences of avowedly socialist priorities for economic development. Labour was cheap in the immediate post war years when socialist industrialisation relied on the only resource available, a plentiful and underemployed labour force. However, thanks to successful wage regulation and the absence of any form of levy acting as a poll tax on jobs, wages have been kept low and labour has remained a cheap resource for enterprises. A first consequence of this is that wages are felt to be inadequate by workers in relation to their changing needs. Roughly one third of the Hungarian population fell under the official poverty line in 1968 (Kemény, 1979, pp. 248-9), and a family comprising two parents with average industrial male and female earnings and one child in 1967 brought in only 137% of the minimum monthly subsistence level (KSH 214, p. 25). Real incomes have increased since then, but so have demands and expectations, and there continue to be 'large pockets of poverty' (Flakierski, 1979, p. 29).

But enterprises themselves behave in ways that actually encourage private sector activity. Since 1957 wage regulation, which was con-

sidered essential to avoid inflation, to ensure a relatively egalitarian distribution of wages and, after 1968, to avoid the danger of unemployment if 'irrationally' employed labour were suddenly exposed to profit-oriented enterprises competing for scarce labour in a market influenced by world market prices (Buda, 1972; Portes, 1977, 1978), has been via a tax on increases in the average wage paid within enterprises. It has been a successful tool in all these respects (Portes, 1972; 1977; 1978; Székffy, 1978; Wiles, 1974a) but, with average wages so near the poverty line, control of the average necessarily places restrictions on differentials and the scope for wage incentives both between grades and, for those who perform better than the average, within grades (Héthy and Makó, 1972a, pp. 50-1; 1975). Workers who expend only an average amount of effort receive not very much less than workers who apply themselves more fully. So, while wages from the socialist economy might be low, in many cases they can be gained without great exertion. Socialist economic relations encourage enterprises to exacerbate this trend. Enterprises manifest an unquenchable thirst for cheap labour, but no incentive to make efficient use of it once obtained. Because, as is argued by Bauer, Laki and others,<sup>1</sup> socialist economies are growth-oriented and experience only physical, not financial, barriers to growth, and because labour is relatively cheap for enterprises, it is quite rational for them to hoard labour, however wastefully it is used. It allows them both to maximise growth with a labour force experiencing weak incentives to exert itself fully and ensure a useful reserve of labour which can cope with the vagaries of supply and pressing deadlines still endemic in Hungary (Laki, 1980) as in traditional centrally planned economies.

The conjunction of these two aspects of socialist economic development – the creation of both space for and incentives for 'family labour' in the private sector – had a further consequence: the growth of a unique form of labour market. On this market, two parallel, non-capitalist economic systems coexist, and individual workers are economically active both as 'socialist wage labour' in the one and, in their 'marginal labour time', as 'family labour' in the other.<sup>2</sup> Rather than extend themselves fully in the socialist economy, workers retain some of their 'labour power' for use after work in the 'second economy'. They lose very little in wages by saving energy in this way because of the weak labour incentives in the socialist economy, and the energy saved can be devoted to much greater rewards obtainable in the private sector. So, although 'certain objects which are con-

sidered part of the conditions of life (a flat or some other consumer durables) cannot be procured from today's average basic wage' (Hegedűs and Márkus, 1976, p. 109), almost a half of the average worker's monthly salary can be earned in a week-end by an electrician working in the private sector:

'It's only worth while doing new stuff—electrical heating or an electric cooker where you need a separate circuit. It's done in a day and you can ask 1000–2000 forints for it. Wiring a family house, which needs two men for a Saturday and a Sunday, comes to 4000–5000 forints if I supply the materials ... If you really have a go at the private sector, you can earn 50 000–100 000. From spring till autumn they pass you on from person to person.' (Héthy, 1978, pp. 83–4)

Héthy and Makó estimate that at the time the above quotation was collected work in the private sector could bring in between 25 and 50 forints an hour compared with an overtime rate of 20 forints an hour. Not all are lucky enough to be able to earn the high incomes available in the construction sector, but most Hungarians are in on the act. In 1972 over half of the Hungarian population, 5.2 million people, lived in a household which operated some sort of small-scale agricultural plot (Andorka and Harcsa, 1973, p. 97) and in 1980 István Hétényi, then secretary of the National Planning Office, revealed that according to official estimates some 70–75% of Hungarian families had some sort of secondary income (*Figyelő*, 1980, No. 12, pp. 1 and 4).

In 1982, drawing on the success achieved in agriculture which will be considered in subsequent chapters, the government sought to extend its integration of 'family labour' to the industrial and service sectors of the economy. Measures introduced at the beginning of that year allowed for the creation of a number of new types of smaller, less closely regulated production units, and the most interesting of these are the 'economic work partnerships'. These consist of 2–30 individuals working either full-time in the group or having full-time employment elsewhere and working only part-time for the partnership. They are allowed to undertake production or service activities on condition that at least one member possesses the necessary trade qualification and can lease space and machinery from the state enterprises and subcontract to them. A particular case of such 'economic work partnerships' is the 'enterprise economic work partnership' where all members are employees or pensioners of the same parent enterprise, which also takes on additional financial responsibility for the partnership. The industrial and service 'co-operative

groups' of the co-operative sector function in an analogous manner and are exact equivalents of the 'agricultural specialist groups' which will be discussed in chapter 2.

The focus for all the units introduced in 1982, from 'economic work partnership' to 'small co-operative' and 'small enterprise', is on subcontracting for a lump sum to the larger state enterprises. Furthermore, although full-time employment in the work partnerships is possible, the emphasis has been on encouraging those who are already employed full-time in some other area to join them in their spare time, on integrating into the socialist economy, and in the case of the 'enterprise economic work partnership' the enterprise itself, the 'marginal labour time' of industrial and service workers which had previously been spent performing these same tasks in the 'second' or 'black' economy (*Figyelő*, 1984, No. 18, p. 4). By the end of 1983 some 5399 'enterprise economic work partnerships' had been set up in industrial enterprises with a further 2166 in the construction sector. By the same date the number of independent 'economic work partnerships' in industry was 1684, with 1194 in construction. These 'enterprise economic work partnerships' concentrated mainly on tasks related to ensuring the continuity of intra-enterprise activity rather than contracting with other enterprises or producing directly for the market (*Figyelő*, 1984, No. 10, p. 5). And these new contractual systems not only integrate 'family labour', they also mirror the symbiosis between 'family labour' and 'socialist wage labour' which was created in agriculture and which will be discussed in chapter 2. Private artisans, or 'enterprise economic work partnerships' which subcontract to their full-time employer, enjoy pension rights and rights to other social benefits, entitlement being based on the average income of a wage labourer doing the same job (TRHGY, 30/1981 (IX.14) MT 10§).

The consequences of more than thirty years of 'actually existing socialism' for 'socialist wage labour' require slightly lengthier analysis. We need to look at labour, and the control of labour, within the network of overlapping management relations in a socialist economy; and we should focus on those who control production at the point of production – enterprise managers. Can managers make independent decisions at all? If so, over which areas, how independent can they be from central government and party apparatuses, and how do they behave towards labour? These questions will be considered in turn: first, the degree of operational autonomy enjoyed by top level enterprise

management under Hungary's New Economic Mechanism and the role of ministries and central planners.

In principle, the system of economic planning in Hungary operates as follows. The National Planning Office directs and organises the elaboration of plans and establishes the main ratios for balanced economic growth. In this process it relies on information provided by the Central Statistical Office, the banks, the ministries, the federations of co-operatives, large national enterprises, county and town councils, research institutes and individuals commissioned to investigate specific problems. There are three tiers to planning: long term plans of about fifteen years which outline general factors such as growth rate, general trends in social policy and international economic relations; one year plans, which are limited to short term adjustments, adapting credit policy, labour policy and so on to immediate budget constraints; and five year plans. These remain the most important level of planning and establish major economic regulators for enterprise income and fund formation, prices and wages policies, and major investment programmes. At none of these levels does planning take the traditional form of targets expressed in physical units; rather they modify at the appropriate level of generality the economic regulators which mediate market forces in the national interest.

Beneath this planning apparatus enterprise managers enjoy some freedom in determining how to meet the plan objective of profit maximisation within a mediated market context. Freedom as to the manner of plan fulfilment is an area in which management has always enjoyed some autonomy, even under the most centralised of socialist economic systems. But the point that needs to be made here is that, even under Hungary's New Economic Mechanism, managerial autonomy in this respect remains restricted. Investment funds and capital flows are strictly controlled. Investment decisions, except those relating to major national projects, were decentralised initially under the New Economic Mechanism, and finances for them were awarded on the basis of the projected return on investment alone (B. Balassa, 1973, p. 362). But this era of decentralised investment lasted only until Hungary suffered another of its endemic crises of over-investment (Bauer, 1981; Portes, 1972; Wiles, 1974a). Politically perceived needs rather than the projected return on investment then regained predominance (Bauer, 1975, pp. 728-9), and profit turned into a falsifiable plan indicator rather than the centre of

interest in a controlled market economy (Bauer, 1970; Laki, 1980, pp. 95–7). Large enterprises reverted to direct bargaining with ministries – investment funds granted in return for increasing the output of unprofitable goods required by the state (Laki, 1980, pp. 78–9) – and smaller ones concentrated on accommodating themselves to existing ministerial projects as a means of gaining access to funds (A. Balassa, 1975; Laky, 1976; 1979).

In other areas operational autonomy is less restricted. Management has effective control of the product mix within the enterprise's permitted 'profile', although it cannot produce goods or supply services which lie outside it (B. Balassa, 1973, p. 360), and it has some freedom with regard to prices if the goods are in the free or 'competitive' pricing categories (*Figyelő*, 1979, No. 45, pp. 3–4; Hare, 1976a, pp. 202–6). But, most important, it has control over labour, over enterprise labour inputs, however constrained by the ever-present scarcity of labour referred to above. Labour policy is subject to some restriction. Wage levels are regulated, there are certain restrictions on labour mobility,<sup>3</sup> and wage increases are controlled by taxation; but these regulations still permit management considerable flexibility with regard to the quantity of labour employed and the size of rewards paid to it.

The apparatus of central government is not the only channel for influencing management behaviour from above, however, and we should also consider the impact of the party apparatus before turning to consider pressures from the shop floor below. It is important when considering the role of the Party in economic decision-making to distinguish between strategic and operational decisions. Clearly the Party, or rather its ruling group, has a profound effect on national economic strategy, as it does over all major governmental decisions. For all the Hungarian leadership's emphasis on the role of parliament in official and semi-official publications (Erdei, 1968, pp. 344–5), few would seriously argue that it is not the Political Committee of the Hungarian Socialist Workers' Party that is the ultimate arbiter of strategic policy decisions. But this in itself indicates little about the role of the Party when less far-reaching decisions are being made at either the local area level or at the workplace. The Party is omnipresent, but is it everywhere and at every level the decider of policy?

The role of the national and county Party organisation in day-to-day economic decision-making is one of 'control' in the sense of supervision, and it achieves this in three ways: by monitoring and



influencing enterprise plans; by monitoring, vetoing and in some cases actually making appointments; and by requiring economic leaders, even if they are not themselves Party members, to report back regularly on their performance. But it does not decide day-to-day economic policy. As Lantos states, 'It should be emphasised that the preparation and implementation of economic plans are the task of economic leaders' (Lantos, 1976, p. 20). The county Party organisation is the most important area organ. Although enterprise directors and other senior managers are appointed by the appropriate 'supervisory organ', usually the ministry, it is the county Party organisation which approves their appointment. This informal control is likely to be only marginally diminished by the increased use of competitive applications for managerial posts in the early 1980s, for it is unlikely that such candidates will be appointed without Party approval. The county Party organ's jurisdiction also extends to the appointment of Party secretaries within enterprises in its area.

The Party organisation within the enterprise plays a similar role. It supervises the appointment of middle and lower management and, in practice if not in theory, has the right to, for example, 'freeze' the appointment of non-Party managers in cases where a large number of non-Party managers had already been appointed within an enterprise (Héthy and Makó, 1979, p. 100). It is under an obligation to take a position on general policy goals in the light of government and Party decrees and on questions which have a fundamental effect on workers' living and working conditions; and it uses its right to receive reports from economic leaders to ensure that the spirit of the plan is being adhered to in both its social and economic aspects (Gy. Juhász, 1974, p. 48). But it is under the same obligation as the county Party organ not to interfere in economic decisions itself (Merényi and Simon, 1979, pp. 71-5). Finally, at the very bottom of the Party hierarchy, the workplace Party groups concentrate more on busying themselves with propaganda work and with 'socialist brigade' activity (Merényi and Simon, 1979, p. 87), although they too perform a supervisory function in that Party members are enjoined to inform the relevant Party organs of the atmosphere amongst, and opinions of, non-Party members in the workplace (Gy. Juhász, 1974, p. 50).

The Party's role in economic planning in Hungary's socialism, then, can be summarised as follows. Although it determines overall policy goals and decides general economic strategy, its control over tactics is much weaker. It supervises generally, uses 'moral suasion'